

# COVID-19 Stimulus Bill: What It Means for States

## Overview

The Coronavirus Aid, Relief, and Economic Security Act (CARES) provides an estimated \$2 trillion stimulus package to battle the harmful effects of the COVID-19 pandemic. A few highlights of what's included in the package:

- Creates a \$150 billion Coronavirus Relief Fund for state, local and tribal governments. [See estimated state allocations](#) courtesy of Federal Funds Information for States.
- \$30 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to the coronavirus.
- \$45 billion for the Disaster Relief Fund for the immediate needs of state, local, tribal and territorial governments to protect citizens and help them respond and recover from the overwhelming effects of COVID-19.
- \$1.4 billion for deployments of the National Guard. This level of funding will sustain up to 20,000 members of the National Guard, under the direction of the governors of each state, for the next six months in order to support state and local response efforts.
- An additional \$4.3 billion, through the Centers for Disease Control and Prevention, to support federal, state and local public health agencies to prevent, prepare for, and respond to the coronavirus.
- Requires the Department of Homeland Security to extend the Real ID deadline for full implementation by states from Oct. 1, 2020, to no earlier than Sept. 30, 2021. DHS subsequently announced that the new deadline would be Oct. 1, 2021.
- \$25 billion for transit systems. These funds would be distributed through existing formulas including the [Urbanized Area Formula Grants](#), [Formula Grants for Rural Areas](#), State of



[Good Repair Formula Grants](#) and [Growing and High-Density States Formula Grants](#) using fiscal year 2020 apportionment formulas.

- \$400 million in election security grants to prevent, prepare for, and respond to coronavirus in the 2020 federal election cycle. States must provide an accounting to the Election Assistance Commission of how the funds were spent within 20 days of any 2020 election.
- Expands unemployment insurance from three to four months, and provides temporary unemployment compensation of \$600 per week, which is in addition to and the same time as regular state and federal UI benefits.
- Establishes a \$500 billion lending fund for businesses, cities and states.
- Provides a \$1,200 direct payment to many Americans and \$500 for each dependent child..

Below is NCSL's initial summary of provisions impacting states, based on bill text circulated mid-day March 25, as the Senate went into session. It is our understanding that the differences between the mid-day version and the final text are of the technical nature. NCSL will provide additional updates to this document as needed, as well as further analysis. Please don't hesitate to [contact NCSL](#) with any questions.

## Direct Economic Stimulus Funding to States, Territories, Local Tribal Governments

- Provides \$150 billion to states, territories, local and tribal governments to use for expenditures incurred due to the public health emergency with respect to COVID-19 in the face of revenue declines, allocated by population proportions.
  - Distribution is based on population. No state shall receive a payment for fiscal year 2020 that is less than \$1.25 billion.
  - 45% of a state's funds are set aside for local governments, with populations that exceed 500,000, with certified requests to the U.S. secretary of Treasury. Certification requires a signature by the chief executive of the local government that the uses are consistent with certain requirements.
    - NCSL believes the funds remaining from the 45% set aside for localities revert back to the state.
  - \$3 billion set aside for District of Columbia, Puerto Rico, Virgin Islands, Guam, Northern Mariana Islands and American Samoa.
  - \$8 billion for tribal governments.
- Funds can be used for costs that:
  - Are necessary expenditures incurred due to COVID-19.
  - Were not accounted for in the budget most recently approved as of the date of enactment of this section.
  - Were incurred during the period that begins March 1, 2020, and ends Dec. 30, 2020.

## Direct Payments to Citizens

- Direct payments to lower- and middle-income Americans. Individuals get \$1,200, and married couples get \$2,400—\$500 per child younger than age 17.
- Payments phase out for individuals with adjusted gross incomes over \$75,000 (\$150,000 for couples). Anyone making over \$99,000 would not get a payment (\$198,000 for couples). Money is expected to go out by April 6.

## Expanded Unemployment Benefits

- 360 million for Department of Labor to invest in programs that provide training and supportive services for dislocated workers, seniors, migrant farmworkers and homeless veterans. Includes funding for implementing new paid leave and unemployment insurance benefits.
- Expands unemployment insurance from three to four months, and provides temporary unemployment compensation of \$600 per week, which is in addition to and the same time as regular state and federal UI benefits.
  - Part-time, self-employed and gig economy workers now have access to UI benefits.
  - Allows employers to receive an advance tax credit from the Treasury instead of having to be reimbursed on the back end.
  - \$260 billion investment into the unemployment insurance program.
  - Creates regulatory authority to implement the tax credit advances.

## **Emergency Relief and Taxpayer Protections**

- Authorizes the secretary of the Treasury to make loans, loan guarantees and other investments in support of eligible businesses, states and municipalities that do not, in the aggregate, exceed \$500 billion.

## **Labor-Related Provisions**

- \$19.57 billion in funding to the Department of Veterans Affairs (VA) for equipment, tests and support services.
- \$1.5 billion to Economic Development Administration (EDA) for economic adjustment assistance to revitalize local communities after the pandemic.
- \$5 billion for Community Development Block Grant (CDBG) program to enable states, counties and cities to respond to economic and housing impacts caused by COVID-19, including the expansion of community health facilities, child care centers, food banks and senior services.
- \$10 billion for Small Business Administration (SBA) emergency grants of up to \$10,000 to provide immediate relief for operating costs.
- \$17 billion for the SBA to cover six months of payments for small businesses with existing SBA loans. Rent, mortgage and utility costs now eligible for SBA loan forgiveness.

## **Federal Emergency Management Agency**

- \$45 billion for a Disaster Relief Fund for the immediate needs of state, local, tribal and territorial governments to protect citizens and help them respond and recover from the overwhelming effects of COVID-19. Reimbursable activities may include medical response, personal protective equipment, National Guard deployment, coordination of logistics, safety measures and community services nationwide. This amount includes:
  - \$25 billion for major disasters declared for certain states under the Stafford Act.
  - \$45 million for the Federal Emergency Management Agency to expand information technology and communications capabilities and build capacity in response coordination efforts.
  - Disaster Relief Fund dollars for COVID-19 are made available to states via the March 13 national emergency declaration and subsequent state declaration requests.

## **Other Homeland Security/Disaster Relief**

- \$1 billion for the Defense Production Act for increased access to materials necessary for national security and pandemic recovery.
- \$100 million for Emergency Management Performance Grants for emergency management activities in state, local, territorial and tribal governments to support coordination, including communications and logistics.
- \$9 million is provided to the Cybersecurity and Infrastructure Security Agency for supply chain and information analysis, and for impacted critical infrastructure coordination.

- Personal Protective Equipment includes:
  - \$100 million for the nation's first responders via Assistance to Firefighter Grants.
  - \$178 million for DHS front-line federal employees.
- \$200 million for the Emergency Food and Shelter Program to provide shelter, food and supportive services to individuals and families in sudden economic crisis.
- \$100 million to the Transportation Security Administration for enhanced sanitation at airport security checkpoints, overtime and travel costs, and the purchase of explosives trace detection swabs.
- \$141 million for the Coast Guard to activate Coast Guard Reserve personnel and for building capacity and capability for information technology systems and infrastructure to support telework and remote access.
- Requires DHS to extend the Real ID deadline for full implementation by states from Oct. 1, 2020, to no earlier than Sept. 30, 2021. DHS subsequently [announced](#) that the new deadline would be Oct. 1, 2021.

## Health Provisions

- \$140.4 billion for the Department of Health and Human Services.
  - \$127 billion for the Public Health and Social Services Emergency Fund including \$100 billion for grants to hospitals, public entities, not-for-profit entities and Medicare- and Medicaid-enrolled suppliers and institutional providers. Helps cover unreimbursed health care-related expenses or lost revenue as a result of COVID-19. \$16 billion for the Strategic National Stockpile. The stockpile funding can help procure personal protective equipment, ventilators and other medical supplies. \$11 billion for vaccine, diagnostics and other medical needs with \$3.5 billion to help advance construction, manufacturing and purchasing of vaccines and therapeutic delivery. \$250 million to improve the capacity of facilities in order to respond to medical events.
  - \$275 million to expand services and capacity for rural hospitals, telehealth, poison control centers and the Ryan White HIV/AIDS program through the Health Resources and Services Administration (HRSA). The legislation would also allow community health centers to use fiscal year 2020 funding to maintain or increase staffing and capacity to address COVID-19.
  - \$4.3 billion to the Centers for Disease Control and Prevention (CDC) and to assist with agency efforts on public health preparedness and response including funding to state and local public health responders and reimbursements. There is also \$500 million designated to invest in public health data surveillance and infrastructure modernization to help states in developing COVID-19 tools.
  - \$425 million to the Substance Abuse and Mental Health Services Administration (SAMHSA) for mental health and substance use disorders as a result of the COVID-19 pandemic with certified community behavioral health clinics receiving \$250 million. SAMHSA gets \$50 million for suicide prevention, and \$100 million in flexible funding to address mental health, substance use disorders and providing resources to youth and the homeless during this time.
  - \$200 million to the Centers for Medicare and Medicaid Services (CMS) with \$100 million to support additional infection control surveys for facilities that house populations that are at high risk from contracting and having severe illness from COVID-19.

## Human Services

- \$6.3 billion overall to the Administration for Children and Families (ACF). This funding will go to a number of human services programs including \$3.5 billion for the Child Care and Development Block Grant to provide immediate assistance to childcare providers.
- \$45 million in grants to states for child welfare services.
  - As ACF increases flexibility in services for the most vulnerable, the legislation will help backfill this response by providing \$45 million to family violence prevention and services including for family violence shelters and \$2 million for the National Domestic Violence Hotline. Funding for the most vulnerable will also include \$25 million for immediate assistance to programs providing services and housing for runaway and homeless youth. The Administration for Community Living will also receive \$955 million to provide resources for aging and disability services programs including senior nutrition, home and community-based supportive services, family caregivers, elder justice and independent living.
- \$1 billion to the Community Services Block Grant to help local community-based organizations that provide a wide range of social services and emergency assistance for those with the highest need.
- \$900 million for the [Low Income Home Energy Assistance Program](#) (LIHEAP) to help families and provide assistance in managing costs associated with home energy bills, energy crises, and weatherization and energy-related minor home repairs.

## Defense

- \$10.5 billion for the Department of Defense, primarily for the protection of members of the armed forces, their families and military retirees from the coronavirus. Includes funding for specific efforts that leverage unique capabilities of the Department of Defense to contribute to a whole-of-government response to the pandemic.
  - \$1.4 billion for deployments of the National Guard. This level of funding will sustain up to 20,000 members of the National Guard, under the direction of the governors of each state, for the next six months in order to support state and local response efforts. More specifically, the funding allocates the following:
    - ▶ \$746 million allocated to the Army National Guard for response efforts both domestically and internationally.
      - ▷ \$186 million to the Army National Guard Operation and Maintenance Funding Programs.
    - ▶ \$482 million allocated to the Air National Guard for response efforts both domestically and internationally.
      - ▷ \$75 million to the Air National Guard Operation and Maintenance Funding Programs.

## Technology/Health Care/Biomedical

- \$75 million for the Corporation for Public Broadcasting to make fiscal stabilization grants to public television and radio stations facing declines in non-federal revenues, which will help maintain programming and preserve small and rural stations threatened by declines in non-federal revenues.
- Funding for the VA to expand capacity of IT networks to address the demand in services and broaden tele-health capabilities.

- Directs the secretary of HHS to consider ways to encourage the use of telecommunications systems, including for remote patient monitoring and other communications or monitoring services by clarifying guidance and conducting outreach.
- \$6 million to the National Institute of Standards and Technology for measurement science to support viral testing and biomanufacturing.
- \$60 million for Industrial Technology Services, including support to manufacturing for development of biomedical equipment.

## Education

- \$30.75 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to coronavirus to be distributed as follows:
  - **Elementary and Secondary Education:** \$13.5 billion is available for formula grants to states based on the same proportion that each state receives under ESEA Title-IA. States will then distribute 90% of funds to local educational agencies (LEAs) based on their proportional allocation of ESEA Title I-A funds. State education agencies can reserve up to 10% of funds for emergency needs as determined by the state. Funds to LEAs can be used for coronavirus-response activities, such as planning for and coordinating during long-term school closures; purchasing educational technology to support online learning for all students served by the local educational agency; and additional activities authorized by federal elementary and secondary education laws.
  - **Governors:** Each state will receive a share of \$3 billion for governors to allocate at their discretion for emergency support grants to local educational agencies and institutions of higher education that have been most significantly impacted by the coronavirus. Funds will be allocated based on following formula:
    - ▶ 60% of the funds are distributed based on the relative number of 5- to 24-year-olds in the state.
    - ▶ 40% of the funds are distributed based on the relative number of kids younger than 21 as defined by section 1124(c) of ESSA.
  - **Higher Education:** \$14.25 billion for emergency relief for Institutions of Higher Education to respond to the coronavirus. 90% of funds via a formula base, 75% on its share of Pell FTE and 25% on non-Pell FTE, excluding students who were exclusively enrolled online prior to coronavirus. At least 50% of institutional funds must provide emergency financial aid grants to students that can cover eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, health care and child care. Remaining institutional funds may be used to defray expenses for IHEs, such as lost revenue and technology costs associated with a transition to distance education.

## Agriculture

- \$14 billion for the Commodity Credit Corporation (CCC). The CCC was previously used in [2018](#) and [2019](#) to provide funding to farmers and other agricultural producers in response to retaliatory tariffs.
- \$9.5 billion in additional assistance for livestock and [specialty crops](#), such as fruit, vegetables and nuts. Funding would also be available for dairy producers, and producers who support local food systems such as farmers markets and schools.

- \$25 million to the USDA's Rural Development Grant Program for Distance Learning and Telemedicine Program, as well as \$100 million to the USDA's ReConnect program to help ensure rural Americans have access to broadband.
- \$20.5 million to the [Rural Business Development Grant Program](#) to support business and industry loans.

## Energy

- \$28 million to Department of Energy and \$99.5 million to Office of Science to support research on the coronavirus.
- \$3.3 million for the Nuclear Regulatory Commission.
- The legislation does not include funding for oil purchases by the Strategic Petroleum Reserve (SPR). However, the bill does include a provision to allow the Department of Energy to postpone previously planned sales from the SPR through fiscal year 2022.

## Transportation

- \$25 billion for nation's transit systems. These funds would be distributed through existing formulas including the [Urbanized Area Formula Grants](#), [Formula Grants for Rural Areas](#), [State of Good Repair Formula Grants](#) and [Growing and High-Density States Formula Grants](#) using fiscal year 2020 apportionment formulas.
- Approximately \$1 billion dollars to Amtrak to ensure continued operations along the Northeast Corridor and long-distance routes. States will also receive a portion of this assistance to help meet their match obligations on state-supported routes.
- \$250,000 for the Federal Railroad Administration to provide safety equipment and assistance to inspectors.
- Provides an aggregate of approximately \$60 billion for the hard-hit airline sector. This includes \$25 billion in grants for airlines, \$3 billion in grants for airline contractors—ground staff and catering support, and \$4 billion for cargo airlines. These grants would be for “the continuation of payment of employee wages, salaries, and benefits” based on employment levels in 2019. Grant recipients would not be able to cut pay or benefits, issue involuntary furloughs until after Sept 30, 2020, as well as be restricted in buying back their own stock or issuing a stock dividend until Sept. 30, 2021. USDOT is also authorized to force air carriers to continue service to destinations served as of March 1, 2020, until March 1, 2022.
- Allows the Treasury Department to make up to \$25 billion in loans and loan guarantees for passenger airlines, repair stations and ticket agents, and up to \$4 billion for cargo airlines. A company receiving a loan would have to “maintain its employment levels as of March 24, 2020, to the extent practicable” and would also be prohibited from reducing its employment levels by more than 10%. Further, the bill requires the Treasury Department to demand stock, in a publicly-traded company or similar type of debt instrument, for non-public companies. The amounts of airline-specific packages would be left up to the Treasury Department. The assistance also includes a number of requirements on airlines that would place limits on certain financial actions until loans are repaid.
- Provides airports \$10 billion in grants, with at least \$100 million set aside for general aviation airports, to ensure continued operation during a likely sustained decline in air travel. Commercial airports receiving grants would have to maintain employment levels of at least 90% based on the bill's day of enactment.

## Interior

- \$453 million for the Bureau of Indian Affairs to prepare for and respond to the coronavirus, including for public safety and justice programs, welfare assistance and social services programs, and other tribal government assistance.
- \$20.6 million for the Bureau of Reclamation.
- An additional \$300 million is secured for Native American housing, which includes \$200 million for the Indian Housing Block Grant program and \$100 million for imminent threats to health and safety as a result of COVID-19.

## Environmental Protection Agency

- \$2.25 million to Environmental Protection Agency prepare and respond to the coronavirus, of which \$1.5 million should be used to research methods to reduce the risks from environmental transmission of the coronavirus via contaminated surfaces or materials.
- Includes \$770,000 for the Hazardous Substances Superfund to prepare and respond for the coronavirus.

## Justice-Related

- \$850 million in Byrne/JAG funding formula grants to states for continuation of criminal justice programs.
- \$2 million for justice information sharing technology. Expands videoconferencing abilities for prison health care and criminal proceedings.

## Elections

- \$400 million in election security grants to prevent, prepare for and respond to the coronavirus in the 2020 federal election cycle. States must provide an accounting to the Election Assistance Commission of how the funds were spent within 20 days of any 2020 election.

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